

via email
JUL 25 2005

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July 22, 2005

The Honorable Jim Tompkins
Assistant Deputy Commissioner
Office of Insurance Commissioner
State of Washington
5000 Capitol Boulevard
P.O. Box 40255
Olympia, WA 98504-1255

VIA EMAIL & U.S. MAIL

Re: Risk Purchasing Group Application – DME/OP Purchasing Group, Inc.

Dear Mr. Tompkins:

This will acknowledge receipt of and thank you for your letter of July 7, 2005, wherein you advised that DME/OP Purchasing Group, Inc. does not meet the definition of "purchasing group". You advised that I would be receiving further correspondence shortly from Mr. Graap. Please be advised that I received a carbon copy of a terse denial notice from Mr. Graap on July 14, 2005.

My letter to you of June 29, 2005 included a respectful request for information regarding appeals or rehearing procedures should the determination of your office be adverse to my client's application. I have not received any information regarding same.

Further, it was my understanding that Mr. Graap had previously advised that my client would have the opportunity to withdraw its application should there be a decision adverse to same after my last letter. As I indicated to Mr. Graap by telephone, perhaps I misunderstood his comments regarding withdrawal of my client's application, in that he advises that the opportunity to withdraw the application ceased when I submitted my letter of June 29, 2005 to you.

On behalf of my client, I must respectfully request that the denial contained within Mr. Graap's July 11, 2005 letter to Karen Bronson of Compliance and Filing Solutions be rescinded or otherwise withdrawn, pending further activity on the original application. I am certain that my previous comments regarding the arbitrary and capricious nature of the actions of the Office of the Insurance Commissioner were not appreciated, but my research since receiving the denial of my client's application leads me to believe that the term "unfairly discriminatory" is also applicable to the denial herein.

Cursory research into the 174 purchasing groups registered in Washington indicates as follows:

1. North American Retail RPG, Inc., with a registered address of 6700 North Oracle Road, Tucson, AZ, 85704, is a business corporation with 103,000 shares of Class A stock issued, reflecting only two shareholders with more than 20% of shares issued. Those shareholders are Susan K. Jumper and Randy A. Jumper, with Susan K. Jumper also shown as President and Treasurer and the Directors of the corporation listed as Susan K. Jumper and Randy A. Jumper. Further research reflects that Randy A. Jumper is an insurance agent licensed in Arizona, doing business as the Arizona Central Insurance Agency at 6700 North Oracle Road, Tucson, AZ 85704.

2. Roofing Contractors PG, Inc. with a business address of 41 North Main Street, Suite 300 West, Hartford, Connecticut, 06107, "a non-stock entity", with Neil Cross as President, John F. Williams Jr. as Director and Patricia A. Roth as Director appears to be related to Restaurant Owners PG, Inc. with a business address of 41 North Main Street, Suite 300 West, Hartford, Connecticut 06107, another non-stock entity, with Neil Cross as President, John F. Williams Jr. as Director and Patricia A. Roth as Director. It appears that Roofing Contractors PG, Inc. and Restaurant Owners PG, Inc. share the same mailing address, phone number and registered office.

3 It appears that Premier Hotel Insurance Group and Select Hotel Insurance Group share the same mailing address, phone number and registered office, through National Specialty Underwriters, Inc., in Bellevue, Washington.

4. It appears that Garage Services and Equipment Dealers Liability Association of America; Health Care and Human Services Association; International Special Events and Recreation Association; North America Chemical Users and Applicators; Transworld Building Trades and Contractors Liabilities; United America Legal Service Providers Professional Liability Association and Worldwide Outfitters and Guides Association all share the same phone number and registered office.

5. It appears that Actuaries and Pension Administrators, PG (APAPG); Consultants, Sales Representatives and Administrators PG-Insurance Professionals Program; Financial Sales Professionals, PG; International Hospitality Purchasing Group; National Association of Independent Life Brokerage Agencies and Real Estate Sales Professionals Program all share the same mailing address, phone number and registered office.

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6. It appears that American Health Care Professions, PG Assn.; American Society of Health-System Pharmacists, RPG; ANA/SNA PG Assn.; Associations & Professionals General Liability Purchasing Group and Professional Nursing Organization PGA all share the same mailing address, phone number and, except for the American Society of Health-System Pharmacists RPG, the same registered office.

7. It appears that IRF Construction Group, Inc.; IRF Hospitality Group, Inc.; IRF Real Estate Operators Group, Inc. and IRF Restaurant Group, Inc. all share the same mailing address, phone number and registered office.

Although the information in 1 through 7 above was obtained "on-line" and none of the above named purchasing groups may be similarly situated to my client, please be so kind as to provide to me, at your earliest convenience, a copy of the Application for Registration of all 174 purchasing groups registered in the state of Washington. Further, please be so kind as to provide to me copies of all documents contained within the Washington Insurance Commissioner's files regarding all purchasing groups mentioned in items 1-7 above, as well as copies of all documents contained within the Washington Insurance Commissioner's files as to any other incorporated purchasing group registered in Washington.

It seems reasonable to respectfully request that my client be immediately registered as a purchasing group in Washington, in that, based only upon the information available, similarly situated applicant purchasing groups have been registered. In lieu of such immediate registration, please be so kind as to rescind or withdraw the previously issued denial of my client's Application for Registration, pending further investigation and discussion of the matters set forth above. If a formal appeal or request for rehearing is necessary herein, please consider this letter to be notice of such appeal or request for rehearing and please forward to me any forms appropriate to achieve that purpose.

Should you have any questions, please do not hesitate to contact me.

Respectfully submitted,

Derek J. Shafer

Derek J. Shafer

DJS/djg
cc: Kristofer Graap (via email)
John Spain (via email)